

Amendment No. 1 to SB0387

Ford  
Signature of Sponsor

AMEND Senate Bill No. 387\*

House Bill No. 969

FILED

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

by deleting Section 1 of the printed bill and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 5, Part 6, is amended by adding the following language as a new, appropriately designated section:

**§ 67-5-607.** It is the policy of the state of Tennessee to promote affordable housing; therefore, the assessment of such property shall reflect the current use valuation of the real property and improvements thereon and the significant restrictions imposed with respect to such property. Notwithstanding any provision of this part or any other law to the contrary, property used for affordable housing that has received a low-income housing tax credit authorized by Section 42 of the Internal Revenue Code of 1986, as amended, shall be assessed in a manner that does not conflict with the following:

(1) The tax credits associated with and the financing generated by the tax credits shall not be considered as income to the property or value related to the property;

(2) The assessed value determined by the income capitalization method shall be based upon the rent paid with respect to the units (less all expenses), without consideration of any other project-based federal grant or subsidy;

(3) Any costs paid by or with respect to the tax credits, or financing related to the tax credits, shall not be included in the valuation of the property (including the determination of the cost basis or replacement value of the property);

(4) If an extended low-income housing commitment or land use restrictive covenant is recorded in the official public records of the county in which the property is located, then the commitment or covenant, and

any recorded amendment or supplement thereto, shall be considered a land-use restriction and a limitation on the highest and best use of the property during the term of the commitment, covenant, amendment, or supplement; and

(5) Any other evidence of the value of the property shall be considered only as a mitigating factor in connection with the current use valuation of the property for affordable housing or as property subject to an extended low-income housing commitment or land use restrictive covenant.

The determination of the assessed value, pursuant to the provisions of this section, shall not result in a diminished or lower value for any property currently utilizing both low income housing tax credits and project-based Section 8 subsidies.